

MEMO to MAILERS

UNITED STATES POSTAL SERVICE
VOLUME 35 NUMBER 4
APRIL 2000

Think of the possibilities



if envelopes GET SMART

Combining ease of use with a beautiful image, the digital postage above was printed on an envelope using a personal computer and ink-jet printer. The square beneath it contains a fiber "fingerprint" that verifies authenticity, while the wavy bars are a new type of barcode containing mail processing and security information. Still in the conceptual stage, it appeared on a specimen "intelligent envelope" introduced at the Smithsonian Institution.

Smart envelopes could be coming to a mailbox near you, thanks in part to a leading-edge "think tank" that is exploring ways to increase the intelligence of paper.

"The Postal Service is working with the MIT Media Lab as part of a consortium of companies looking at high-tech ideas," said Pam Gibert, vice president, Retail, Consumer and Small Business.

One idea that consortium member Motorola is looking at is embedding radio frequencies in paper.

"Imagine you have a scanner in your mailbox that can detect radio frequencies," said Wayne Wilkerson, USPS manager of Postage Technology Management.

"Then think of a small business or home office that needs to track and trace a letter from the time it's put in the mail until the time it's delivered. With the radio frequency already in the paper, that could be easy.

"This idea isn't in use; it's just a concept," said Wilkerson. "But there are many, many intriguing ideas out there. We're looking for those where the Postal Service can provide the practical application, where there is a com-

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LEGISLATIVE UPDATE

ACCA study "FUNDAMENTALLY FLAWED," says USPS

In early March, the Air Courier Conference of America (ACCA) released the results of a study comparing the way that U.S. Customs treats inbound international mail handled by the Postal Service and shipments received by private couriers. Members of ACCA include Federal Express, United Parcel Service and other competitors.

The study, commissioned by ACCA, concluded that Customs gives preferential treatment to the Postal Service by examining mail differently and failing to collect duties properly, giving this organization a competitive advantage.

The Postal Service believes that the study is fundamentally flawed. Its results were based on tests of just 63 expedited packages sent through the Postal Service over a 12-day period. It also greatly overestimates the volume of express traffic handled by the Postal Service.

The General Accounting Office, the watchdog of Congress, has studied the differences in Customs treatment for the Postal Service and private carriers. It has concluded that different processes have developed over time for legitimate reasons. The Postal Service follows simple processes designed for shipments from individual con-

The GAO has concluded that different processes have developed for legitimate reasons.

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OPPORTUNITY KNOCKS

at **Canadian** mailboxes

BY JIM STANLEY

"Our customers are looking for alternative markets and mailing options, and the Postal Service is an excellent resource to ensure their success."

Jim Andersen, CEO
Instant Web Companies

USPS National Account Manager Cleo Swenson (2nd from right) works with Instant Web Companies' Kevin Nielsen (left), director of operations, Account Manager Kristi Luehmann and Material Control Manager Jim Nord to speed clients' ad mail to Canadian customers. Machine Operator Kathy Zellmann works in the background.

The Direct Marketing Association rates Canada as the best direct marketing opportunity outside the United States. Canadians receive an average of only 1.3 catalogs per year, and their relatively bare mailboxes support a response rate that's 25 percent higher than with U.S. customers.

A Midwestern company is expanding into this promising market, thanks to a new USPS service called Global Direct—Canada Admail. The Instant Web Companies of Minneapolis, MN, a full-service direct marketing firm, made its first mailing using Global Direct—Canada Admail in February.

"The key advantage is that the mailing can be designed to look like either U.S. or Cana-

dian mail," said Kevin Nielsen, director of operations for The Instant Web Companies.

According to USPS National Account Manager Cleo Swenson, the mailings must meet Canada's presort standards and addressing accuracy standards of 95 percent.

After the mail is verified and accepted by a postal employee at its detached mail unit, The Instant Web Companies dropships the mail on plastic-wrapped pallets to the USPS International Service Center in Chicago. From there, the USPS transports it to Canada Post in Toronto where it is processed and distributed for delivery.

The Instant Web Companies has one client now mailing into Canada using Global Direct—Canada Admail and expects to mail a million pieces this year. They are evaluating which other customers may be interested in targeting the Canadian market.

"We've signed onto this for our clients," said The Instant Web Companies' Material Control Manager Jim Nord. "Compared to a mailing last fall,

where our client used an alternate carrier, we were able to save them a substantial amount per piece of mail."

With Global Direct, said Swenson, "Not only was it less expensive, it was also quicker, simpler, and it provided the customer more control over their mail."

The Instant Web Companies' CEO Jim Andersen sees the service as a benefit to his clients. "It gives us an opportunity to help our clients penetrate a new market," he said. "Our customers are looking for alternative markets and mailing options, and the Postal Service is an excellent resource to ensure their success."

Other key destination countries are available through USPS International Customized Mail Agreements. ■

LEGISLATIVE UPDATE continued from page 1

sumers. Private carriers follow more complex procedures intended for the high-volume, business-to-business shipments they handle.

The study points out that unlike private carriers, the Postal Service does not present electronic manifests of dutiable articles to Customs. The Postal Service, however, has no authority to require foreign governments to manifest their mailings.

Postal reform legislation under consideration by the House Government Reform Committee addresses some of the issues raised by ACCA. However, major players in ACCA oppose this balanced legislation. ■



Photo by Jim Stanley

rates minus complexity equals **BUSINESS RATE CALCULATOR**

Business mailers can quickly compute rates for every class and quantity of mail—including presort levels, worksharing discounts and special services—with a new business rate calculator on the web.

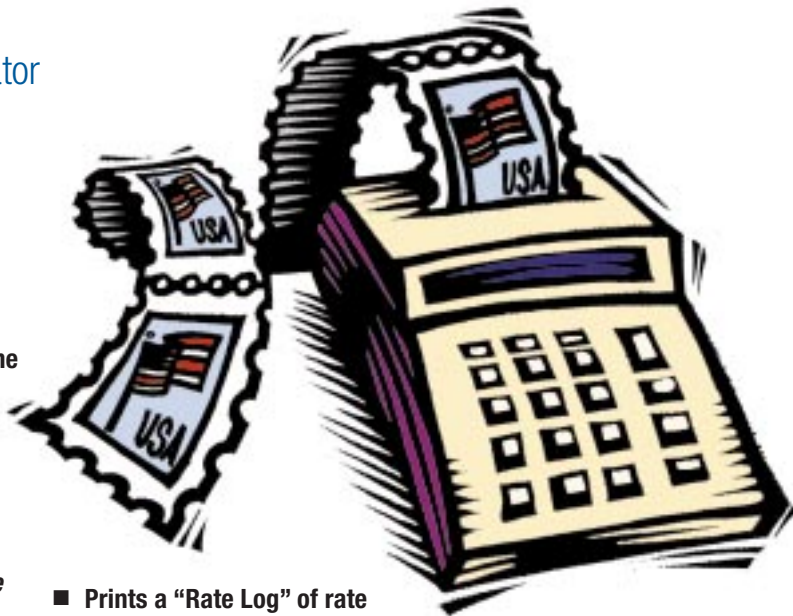
Geared toward business mailers with basic rate knowledge, the Business Rate Calculator is “cutting-edge technology,” said Sherry Suggs, manager, Mail Preparation and Standards. “It’s fast, powerful, easy-to-use, and it comes complete with USPS mailing standards built right in. You just plug in information and the calculator does it for you. Depending on which classes of mail you’ve selected, it automatically computes rates and links you to the proper *Quick Service Guides*, which are ‘Cliff Notes’ versions of the Domestic Mail Manual.” Mailers can use this calculator for budgeting and rate modeling, and to investigate whether it’s cost effective to try new discounts.

According to Marketing Specialist Pat McCabe, last December, 625,000 visitors clicked on the current domestic rate calculator. That one is still available for household and small business mailers who need to calculate rates for single-piece mailings, and has an easy-to-use “wizard” to guide you through the process.

You can use the business calculator by visiting the Postal Explorer web site pe.usps.gov. In the left frame, click on “Business Calculator.” ■

Features of the new Business Rate Calculator on the Postal Explorer home page at pe.usps.gov:

- Calculates rates for all classes of mail and worksharing discounts
- Calculates rates for volume mailing
- Calculates special services and indicates when they are available
- Automatically links to the appropriate *Quick Service Guide*, based on class of mail, mailpiece size, or preparation options
- Prints a “Rate Log” of rate calculations



SMART ENVELOPES continued from page 1

pany that can provide the technological solution, and, of course, where there is public demand.”

One idea that went this route and has been wildly successful is PC Postage, or postage that can be printed from a personal computer. One hundred fifty-five thousand customers—the majority of them small businesses—signed up in the first few months.

PC Postage was made possible, in part, by advances in ink-jet printing led by Hewlett Packard, said Wilkerson. It enables a PC to print digital indicia as two-dimensional barcodes containing mail processing and

security data that let the Postal Service know they’re legitimate. E-Stamps and Stamps.com currently offer the product; Pitney Bowes’ ClickStamp Online is almost ready and then Neopost should come online.

Another company called the Escher Group is looking at fiber fingerprinting and digital imaging that could make the next generation of PC Postage—beautiful full-color postage stamps printed from a computer—a reality.

Like fingerprints, every piece of paper has a unique set of patterns that can’t be duplicated, said Wilkerson. This concept makes it possible to scan a square centimeter of the envelope, encrypt or “code” the

unique characteristics, print that information on an envelope as part of a barcode, and also print the postage stamp. Once the letter was in the mail stream, the Postal Service could scan the barcode, decode the information and verify the stamp’s authenticity.

According to Gibert, the growth of high-tech, increasingly convenient postal products is just beginning. “Intelligent paper is already putting more convenience and valuable information at our fingertips,” she said. “The new millennium will bring even more exciting technology that will bring the post office to people’s homes and make mail increasingly valuable to customers.” ■

MTAC partners with USPS to DELIVER THE UNDELIVERABLE

This is the first of several articles about Mailers Technical Advisory Committee (MTAC) work groups and their impact on the mailing industry. MTAC was formed to provide technical information, advice and recommendations to the Postal Service, and is comprised of association representatives from over 55 major mailing organizations.

Mail Recovery Centers used to be called Dead Letter offices. That name change says it all: undeliverable mail has gone from the morgue to the wellness center. And with the help of the Mailers Technical Advisory Committee (MTAC), even less of it—especially parcels—will be undeliverable.

Only one-tenth of one percent of the entire mail volume handled by the Postal Service goes to the three Mail Recovery Centers. There, employees handle the final disposition of undeliverable First-Class Mail, packages and accountable mail items, and attempt to return as much as possible to the rightful owners.

“We see three categories of mail,” said Bob Adams, manager, Mail Recovery Program. “Letters or parcels that are un-

deliverable as addressed and don’t have a return address; items damaged due to improper packaging or items found loose in the mail with an unknown owner; and letters or packages with insufficient or no postage and no return address.”

MTAC members want to help prevent those things from happening in the first place, especially when it comes to parcels. “Being diverted to the Mail Recovery Center takes time, and that doesn’t help anyone,” said Aaron Horowitz of Cosmetique and industry co-chair of an MTAC work group. “For the Postal Service it means more transportation and more handling, which means more cost. For the mailer, it means we might send a bill to a customer who says, ‘I never got the package’ or ‘I returned it to you.’ That can make them unhappy

WHAT causes a package to take that side trip to the Mail Recovery Center?



Photo by Joseph Breckenridge

Ninety-nine percent of mail that arrives at Mail Recovery Centers, like the mail in this sea of tubs, has no address or return address — but most will still be homeward bound.

The MTAC work group came up with these basic reasons:

Mailer issues

Inadequate packaging.

Inadequate labeling, particularly not placing a return address outside the package (plus inside the package so it can be returned if the outside address label becomes detached).

Inadequate delivery address.

System issues

Acceptance of parcels at the window without a return address.

Improper handling of endorsements, particularly the Change Service Requested endorsement.

Lack of standardized procedures for “loose-in-the-mail” operations.

Reluctance of employees to dispose of some articles at the point of discovery. Employees are to dispose of items worth \$10 or less, but hesitate to make value judgments.

with the company or the Postal Service or the mailing industry in general.”

So MTAC members visited the Atlanta Mail Recovery Center to get a firsthand look at exactly what was there, and more important, delve into why it was there. The work group came up with potential reasons—some mailer caused, others Postal Service caused—and a new work group will develop in-depth solutions.

“Ninety-nine percent of what we get from individual consumers has a bad address or no address, plus no return address,” said Adams. “The reasons business mail ends up with us are little more diverse, and identifying the causes is the first step in finding the solutions.” ■



Photo by Joseph Beckenridge

Ommie Johnson, clerk, Atlanta Mail Recovery Center, is one of 212 postal employees whose job it is to get undeliverable mail to its rightful owner.

Fiscal Year 1999 Mail Recovery Facts

The Postal Service's three Mail Recovery Centers are located in Atlanta, San Francisco and Minneapolis and are staffed by a total of 212 employees.

Out of the 200 billion letters and packages processed, 98 million letters and 1.2 million packages (only one-tenth of one percent) went to Mail Recovery Centers. More

than 6 million checks worth \$1.5 billion were returned to their rightful owners.

Parcels sent by regular mail that are undeliverable as addressed and have no return address are opened to determine if an address can be found. They are held for 90 days awaiting possible customer inquiry.

Undeliverable insured mail is

logged onto a national claims database and held for one year, the time allowed for filing a claim. Undeliverable registered and COD mail is also held for one year.

Merchandise that has not been claimed after the retention period is up, or damaged merchandise for which a claim has been paid, is sold at public auction.

Expanded Return Program

A program developed by the Postal Service, in conjunction with the Postal Inspection Service and MTAC, has already been a big help returning nearly one million parcels received at Mail Recovery Centers.

If a Standard A or Standard B package is delivered to a

customer—and the customer opens it, reseals it, and returns it to sender with no additional postage or return address—the parcel goes to a Mail Recovery Center, since the postage does not include a “return trip.” Under the expanded return program, however, these parcels can be returned to

participating companies in bulk and postage due collected. Standard A or B mailers who feel they can benefit from this program should contact Sue Tedrick, U.S. Postal Service, 475 L'Enfant Plaza SW, Room 5821, Washington, DC 20260-2202, or e-mail her at stedrick@email.usps.gov.

JOINING FORCES TO SORT FLATS FAST and WELL

The newest flat sorting machine, the AFSM 100, processes about 17,000 pieces of flat size mail per hour, compared with 6,000 pieces sorted by older flat sorters. One hundred seventy-five of these new machines will be deployed throughout the Postal Service by the end of the year.

Photo by Victoria Colburn



About 40 major mailers recently met with the Postal Service to discuss strategies surrounding the processing of flat mail.

The group met on what they called "Flats Day" at the Baltimore Processing and Distribution Center, and viewed flat sorting equipment used in postal operations, including the newest addition to the fleet, the Automated Flat Sorting Machine (AFSM) 100.

"The AFSM 100 is capable of processing flats two to three times faster and much more cost effectively than any other method we have," said Elliot Siegel, executive program director, Next Generation Flat Sort-

ing Machines. "Automation is the way to keep postal operating costs down and rates stable."

The Postal Service wants to apply to flats the successes learned from automating letter mail. But automating flats presents unique challenges. It can be difficult to rapidly feed flats automatically due to their larger and varied sizes, and OCR readability is dependent on address quality and location.

The Postal Service is investigating the value Delivery Point Sequencing (DPS) for flats would provide to delivery operations. Although equipment to totally automate flats is not yet available, some prototypes for DPS are be-

ing built and will be tested to determine effectiveness.

Co-chairing the meeting and a Mailers' Technical Advisory Committee that will follow up on issues discussed was Clarence Banks, manager, logistics services, RR Donnelley. "Mailers are in favor of anything that will drive postage rates down, and we're willing to do more work to make that happen," said Banks. "We're especially interested in mail preparation. We need to discuss how flat mail should be presented, how to improve readability, if flats should use the 11-digit delivery point barcode, and what will occur with Flat Bundle Collators. The industry thinks we should be part of the decision making process."

About 30 mailers signed up to participate in various flats work groups. "The next step," said Siegel, "is to explore mutually beneficial solutions. We want to work with our customers to decrease costs and improve service." ■

FLAT: Not just the opposite of round

Flats include magazines, booklets, newspapers, catalogs, larger envelopes and similarly-sized pieces of mail.

USPS SOLVES STICKY PROBLEM

The Postal Service has announced the development of a revolutionary and environmentally friendly pressure-sensitive adhesive that will improve the environmental performance of not just postage stamps and mail, but adhesive products outside the Postal Service as well.

In the past, paper with high adhesive content could literally "gum up the works" in recycling mills. This breakthrough makes recycling more economical, and will divert tons of waste paper from landfills, according to Deborah Willhite, Postal Service senior vice president, Government Relations and Public Policy.

Although the adhesive used on stamps was a very small part of the problem, said Willhite, the Postal Service saw an opportunity for leadership by sponsoring and funding a government/industry research partnership, which developed the new environmentally benign adhesive.

According to Federal Environment Executive Fran McPoland, a proposed executive order will recommend that all federal agencies seek to employ the new technology.

"In the near future, President Clinton is expected to sign 'Greening the Government Through Leadership in Environmental Management' to address the economic impact of this issue," said McPoland.

DOT GOES DELIVERY CONFIRMATION

The Department of Transportation (DOT) has come online with Delivery Confirmation.

According to Capitol District Account Representative Charles Revell, DOT offices in the Washington, DC, area have moved the

majority of their packages away from FedEx Ground and UPS to go with the Postal Service's Priority Mail and Standard B, plus Delivery Confirmation.

"My customers include many different agencies, and they need to track their packages," said DOT Mail Manager David Proper. "Delivery confirmation is great because I get the information electronically."

DOT has responsibility for the U.S. Coast Guard, Federal Aviation Administration, Federal Highway Administration and more.

INTERNATIONAL RATES TO CHANGE

The Postal Service is proposing changes in international rates for a few categories of surface mail.

Proposed rate changes would affect regular printed matter and small packets to Mexico, the publishers periodical surface rates for Mexico and all other countries except Canada; and the book and sheet music surface rate for Mexico and all other countries except Canada. No other rates will be affected.

As examples of the changes, the surface rate for a 5-ounce catalog or small packet going to Mexico would increase from \$1.50 to \$1.80. The charge for a 1-pound packet bound for Mexico would increase by 63 cents, from \$3.14 to \$3.77, while the cost of sending the same packet to all other countries, except Canada, would stay at \$4.88.

The cost of a 5-ounce magazine or newspaper to Mexico would increase from 94 cents to \$1.13, and the price of sending the same publication to all other countries, except Canada, would increase from 91 cents to \$1.05.

The primary factors causing the changes include transportation, domestic handling and currency exchange rates. Implementation will be determined by the Board of Governors and could be as early as late May.

ADOPTION STAMP GOES ON SALE IN MAY

Each year more than 100,000 infants and older children are available for adoption in the U.S. That loving act of adoption will be honored on a new postage stamp that goes on sale nationwide May 11.

With the issuance of the Adoption stamp, the Postal Service continues its longstanding tradition of raising awareness of social issues such as hospice care, organ and tissue donation, drug abuse, AIDS awareness, environmental protection and conservation.

Another stamp, the Breast Cancer Research semipostal, has raised \$11.3 million for breast cancer research. As a semipostal stamp, it sells for 40 cents; net proceeds above the First-Class letter rate of 33 cents go to breast cancer research. The Breast Cancer Research stamp is the first U.S. stamp in history to have its net proceeds above the cost of postage earmarked for research and will remain on sale through July 29.

To order U.S. stamps and philatelic items online, go to www.stampsonline.com or call toll free 1-800-STAMP-24.

CORRECTION

To find the Priority Mail website, point your browser to www.uspsprioritymail.com.

The address was listed incorrectly in the March issue.



MEMO to MAILERS

Volume 35 Number 4

Beverly Burge
Editor

Frank Papandrea
Art Director

Frank Schultz-DePalo
Designer

William J. Henderson
Postmaster General

Deborah K. Willhite
Senior Vice President,
Government Relations
and Public Policy

Azeezaly S. Jaffer
Vice President, Public Affairs
and Communications

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is published by U.S. Postal Service
Public Affairs and Communications.

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Send address corrections and
subscription requests to:

MEMO TO MAILERS
NATIONAL CUSTOMER SUPPORT CENTER
US POSTAL SERVICE
6060 PRIMACY PKWY STE 201
MEMPHIS TN 38188-0001

Send stories, photos and editorial
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EDITOR
MEMO TO MAILERS
US POSTAL SERVICE
475 L'ENFANT PLAZA SW RM 10541
WASHINGTON DC 20260-3100
fax: (202) 268-2392
e-mail: mmailers@email.usps.gov

Online services:
www.usps.com
ribbs.usps.com
PCC Web site: <http://www.national.pcc.usps.com>
Direct Mail Kit: (800) THE-USPS x 2110



Change Service Requested

EBusiness can be dog eat dog. But SitStay.com credits Priority Mail with helping it jump from a basement business to a worldwide supplier of products for dogs and those who love them.

Kent and Darcie Krueger originally started their Lincoln, NE-based business as a web page where Belgian Shepherd owners could share pictures of their pets. "We felt like excited grandparents getting photos from people all over the world," said Darcie. But the site started generating so much traffic that their Internet provider told them to quit or get a "dotcom."

To help defray costs, Kent and Darcie—who had full-time day jobs in the computer industry and government, respectively—began selling t-shirts with an image of a Belgian Shepherd on their site.

"It wasn't long before people started asking if we could sell them this or find them that," said Darcie. Now they offer over 1,000 items supplied by over 100 vendors—everything from dog treats to dog jewelry. And both work for SitStay.com full time.

"The Postal Service was our parcel shipper from the very beginning," said Darcie. "They

how much is that dog toy on the WEB SITE?

Photo by Donna Orta



Even the Krueger's dog, Dancer, likes Priority Mail.

help us so much it's like having extra employees."

One suggestion their extra helpers gave them was to use Priority Mail and its free boxes instead of their own packaging. "Those boxes are wonderful for a growing company like us," said Darcie. "Expenses get passed to the customers in every business, and we prefer to keep costs down. Using Priority Mail helps our customers save money; in fact, customers tell us we have the least expensive shipping on the Internet."

The Kruegers use the Postal Service web site, www.usps.com, to get shipping price quotes, and about 90 percent of their customers select Priority Mail for the 60 to 150 packages shipped out every day. "Priority Mail is the first choice we offer," said Darcie. "If they choose something else, especially for lighter parcels, we can contact them and let them know it would cost less if they use the Postal Service."

Kent and Darcie tell the SitStay.com story at conferences for web entrepreneurs all over the country, "and we always give the Postal Service the pat on the back it deserves," said Darcie. "The Post Office has been great to us and we love Priority Mail." ■